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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 16-Oct-2024 | Report No: PIDIA00571



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Nigeria	WESTERN AND CENTRAL AFRICA	P180640	Rural Access and Agricultural Marketing Project - Scale Up
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	07-Oct-2024	13-Dec-2024	Transport
Borrower(s)	Implementing Agency		
Federal Ministry of Finance	Federal Ministry of Agriculture and Food Security		

Proposed Development Objective(s)

To improve rural access and climate resilience of communities in targeted rural areas and strengthen institutional capacity for management of the rural road network.

Components

- Component A: Improvement of Resilient Rural Access
- Component B: Climate Resilient Asset Management
- Component C: Institutional Strengthening and Project Management
- Component D: Contingent Emergency Response

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)?	No
Is this project Private Capital Enabling (PCE)?	No

SUMMARY

Total Operation Cost	600.00
Total Financing	600.00
of which IBRD/IDA	500.00



Financing Gap	0.00
DETAILS	
World Bank Group Financing	
International Development Association (IDA)	500.00
IDA Credit	500.00
Non-World Bank Group Financing	
Counterpart Funding	100.00
Local Govts. (Prov., District, City) of Borrowing Country	50.00
Borrower/Recipient	50.00
Environmental And Social Risk Classification	
Moderate	
Decision	
The review did authorize the team to appraise and negotiate	

Other Decision (as needed)

B. Introduction and Context

Country Context

1. Nigeria possesses substantial untapped economic potential as Africa’s most populous country (population greater than 218 million) and the continent’s largest economy with Gross Domestic Product (GDP) of approximately US\$472 billion in 2022. Nevertheless, weakening overall growth performance has made it significantly harder to reduce poverty. Between 2015 and 2020, the number of poor Nigerians rose from 68 million to over 82 million in 2020, and currently, over 40 percent of Nigeria’s population live in poverty and are disproportionately rural.¹ Moreover, Nigeria houses the world’s second-largest population of people living in extreme poverty and ranks 163 out of 191 countries on

¹ “World Bank. 2022. A Better Future for All Nigerians: Nigeria Poverty Assessment 2022. Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/37295> License: CC BY 3.0 IGO.”



the most recent Human Development Index (HDI) report², highlighting its status as one of the least developed nations globally.

2. Nigeria is highly vulnerable to the impact of natural hazards and climate change. It ranks 154 out of 185 countries on the Notre Dame Gain Index³, indicating high exposure and sensitivity, and low ability to adapt to the negative impacts of climate change. In the northern part of Nigeria, drought is exacerbating already severe cases of extreme land degradation and speeding desertification where aridity and climate change are causing significant disruption. As the risk and intensity of flooding increases in some states, the central and eastern parts will experience increased aridity and drought.

3. Climate change also puts the entire country at an increased risk of extreme events. The risk of such events will continue to rise with climate change due to projected increases in temperatures and rainfall variability. Climate change related hazards can have severe implications for livelihoods, resulting in infrastructure damage and loss of connectivity, harvest and post-harvest losses, water scarcity in some regions and increased food insecurity, famine, population displacement, conflicts, and biodiversity loss. Climate inaction could cost Nigeria between 6 and 30 percent of GDP by 2050, equivalent to a loss of US\$100–460 billion.⁴

4. The outlook for Nigeria's growth will depend on continued implementation of macro-fiscal and inclusive structural reforms. Growth is expected to remain above population growth in 2023–25, averaging 3.4 percent, higher than the average of 1.4 percent in 2015-2022. However, the projected recovery is threatened by: (i) the impact of the war in Ukraine on the global economy, (ii) lower-than-expected oil production or inability to ramp-up non-oil revenues quickly, (iii) increased insecurity, and (iv) unilateral food export bans and climate events. The authorities can boost growth by sustaining the ongoing reform momentum and addressing structural barriers to growth such as building infrastructure, reducing trade restrictions, and improving delivery of public services.

Sectoral and Institutional Context

5. Nigeria has poor infrastructure, especially its rural road network and roads account for over 90 percent of passenger and freight movements. Notwithstanding the heavy reliance on road networks, only 30 percent of the Nigeria's road network⁵ is paved, and an overwhelming majority are in poor condition. The inadequacy and poor quality of road infrastructure constitutes a major bottleneck for Nigeria's development.

6. Nigeria loses up to 25 percent of farm produce due to lack of access to markets, among others. Rural roads play a critical role in connecting agricultural land to market infrastructure, thereby helping to improve food security. Due to the very poor condition of rural roads, people and businesses are limited by spatial remoteness, poor transport conditions and post-harvest loss of agricultural produce. Despite efforts deployed over the past decade, Nigeria's investment in transport infrastructure is grossly inadequate. The 2015 infrastructure master plan recommends an average investment of US\$25 billion per year over a 30-year period, which has not materialized. In addition, road maintenance is limited to the paved road network and often done on an ad-hoc basis, further hampering road conditions.

² UNDP (United Nations Development Programme). 2022. Human Development Report 2021/2022: Uncertain Times, Unsettled Lives; Shaping our Future in a Transformative World. New York.

³ ND GAIN Index, Consulted on 19th October 2023. URL: <https://gain.nd.edu/our-work/country-index/rankings/>

⁴ Climate Risk Country Profile – Nigeria. World Bank Group. URL: https://climateknowledgeportal.worldbank.org/sites/default/files/2021-07/15918-WB_Nigeria%20Country%20Profile-WEB.pdf

⁵ 40% of the federal roads, 78 percent of state roads and 87 percent of rural roads were in poor condition in 2017-SCD 2020.



7. Inadequate financing and confusing institutional architecture have led to undefined ownership and permanently poor conditions for rural roads. Federal, state, and rural roads are each the responsibility of the Federal Ministry of Works and Housing (FMWH), state ministries of works or transport (depending on the state institutional architecture), and local governments, respectively. States focus on higher level roads (urban roads and state highways) and conduct limited maintenance only on the paved road network. At the state level, maintenance and management of rural road assets lack clear institutional ownership and dedicated funding mechanisms. In addition, state level roads lack appropriate classification, which creates confusion and, sometimes, leads to inefficient use of scarce resources.

8. Improved rural roads will reinforce economic and social inclusion of beneficiary communities by increasing access to markets and socio-economic infrastructure, especially in geographic areas more vulnerable to conflict and food security. Such interventions are likely to enable socioeconomic development, allowing some localities to become catalysts for the creation of growth centers. Lessons learned from the 2024 Performance and Learning Review (PLR) of the Nigeria Country Partnership Framework have shown that improving operations and maintenance at the state level can be effective in delivering results, improving ownership, and enhancing accountability. Moreover, state-level reforms were reported to showcase feasibility before extending these reforms nationally.

9. The World Bank has supported the rural road agenda in Nigeria since 2007, including the ongoing Nigeria Rural Access and Agricultural Marketing Project (RAAMP) financed by the World Bank and the Agence Française de Développement [AFD]). To-date, the ongoing RAAMP project has achieved major milestones in supporting the reform agenda among the 19 participating states. All 19 states have placed the bill establishing the State RARA (Rural Road Agency) and SRF (State Road Fund) in their respective assemblies, while 15 have passed this bill and established it into law. Currently, around 3500 km of rural roads and 29 agro-logistical centers are being implemented under the ongoing RAAMP project. The RAAMP-SU operation has a comparative advantage in focusing on the reform agenda and building sustainable institutional capacity for rural roads, alongside improving rural climate resilience with construction and maintenance of additional rural roads.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To improve rural access and climate resilience of communities in targeted rural areas and strengthen institutional capacity for management of the rural road network.

Key Results

The following key results will measure progress toward achieving the Project Development Objectives in participating states:

- a) **Improved Rural Access:**
 - Direct users that benefit from improved access to sustainable transport infrastructure and services (number of people, of which women and youth) (Corporate Scorecard Indicator).
- b) **Improved climate resilience of communities in targeted rural areas⁶**
 - People benefitting from climate resilient infrastructure (Number of people) (Corporate Scorecard Indicator)
 - Participating states with enhanced climate resilience planning, preparation, surveillance and/or response (percentage)
- c) **Strengthened institutional framework for rural road network management.**

⁶ This is to be achieved through resilient infrastructure.



- Rural road sector reforms adopted at national level (number)
- Participating states with enhanced road asset planning and management systems (at state level) (percentage)

D. Project Description

10. Project support to institutional reforms: As part of its eligibility criteria, the project will support critical institutional reforms to improve institutional arrangements and provide sustainable funding for rural roads. At the federal level, creation and operationalization of the Rural Roads Directorate under the National Agriculture Development Fund (NADF) is a prerequisite for project financing. At the state level, all 36 states and the Federal Capital Territory (FCT) are eligible to participate in the RAAMP-SU project once they achieve specific institutional milestones. Setting these institutional reforms as eligibility criteria to access funds under the RAAMP-SU places the reform agenda front and center, thereby enabling a more sustainable rural road sector.

11. The RAAMP SU Project consists of three mutually reinforcing components to support improvements in Nigeria's rural road network. The first will support direct rehabilitation and upgrades of rural roads, integrating road safety consideration, and building climate resilience. The second will support climate resilient asset management, including supporting operations and maintenance and a climate-risk informed road asset management system. Finally, the third component will support institutional strengthening and project management for the project. In addition to onboarding additional states into the rural accessibility program, the RAAMP SU will have a significant transformational role in addressing structural barriers, notably improving sustainability of the rural road network.

12. Component A: Improvement of Resilient Rural Access: This component will support year-round rural access to socio-economic services, agriculture markets and job opportunities through rehabilitation and upgrading of selected rural road and their resilience to climate change impacts in participating states. This includes rehabilitating and upgrading 3000 km of rural roads, supplemental technical support, and targeted support to social inclusion and gender equality. The project will also integrate road safety considerations into the road design and implementation and support the national road safety agenda.

13. Component B: This component will support climate-informed maintenance activities including maintenance of 3500 km of rural roads and development and implementation of a climate risk informed road asset management system.

14. State selection and road prioritization: Under both components A and B, all states will be eligible to participate in the project. Participating states must however meet specific criteria, including enacting a fully operational rural road management agency (RARA) and State Road Fund (SRF). Candidate roads will be assessed based on economic, social, and climate vulnerability criteria to prioritize roads for financing.

15. RAAMP SU leverages existing rural road asset management program and its institutional framework. The proposed scale up project builds on support provided to the rural connectivity agenda through the Rural Access and Mobility Project Phase 1 RAMP-1 (P072644), the Second Rural Access and Mobility programs or RAMP-2 (P095003), the ongoing Nigeria Rural Access and Agricultural Marketing Project (P163353) financed by the World Bank and the Agence Française de Développement (AFD).



Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The Environmental and Social Risk of the RAAMP SU is rated moderate. The potential environmental risks and impacts that would be associated with the proposed activities during pre-construction, construction and operation stages are air pollution, dust, vibration, noise pollution, ground and surface water pollution and occupational health & safety risks. The works could also potentially result in the clearing of vegetation along the road corridor during construction, causing vibration and soil contamination in the event of oil leakage from storage containers, or during accidental spills. Sand mining from excavation sites/burrow pits could further cause land degradation. Onsite waste may include hazardous waste (asphalt, bitument etc) generated from construction materials, human waste from the site workers, and food waste/garbage, etc. These impacts are however expected to be moderately significant, temporary, mostly site-specific, and manageable through well-established mitigation measures and practices. Mitigation of the potential environmental risks and impacts will be addressed in in the site-specific Environment and Social Management Plans (ESMPs) and other relevant ESF documents/ instruments to be prepared by the client, as be captured in the Environment & Social Commitment Plan (ESCP). The ESMF provides a detailed comparison between the ESS and the borrower framework which reveals that there is not much difference compared to the ESF in the aspect of community health and safety, pollution prevention and control, and in managing protected areas & natural reserves. Any gaps will be addressed through appropriate gap-filing mitigation measures identified in the ESMF On the social side, the proposed activities of components A and B could lead to potential land acquisition, potential minor economic displacement, some degree of losses of crops and agricultural products, temporary impact on livelihood, temporary restriction of access to land including agricultural activities disruptions and loss of harvests, labor influx with minimum negative impact to community resources and interactions, and removal of worship sites such as shrines as this was the case under parent project. Other social risks include exclusion of vulnerable people in the consultation process, inaccessibility of GRM, sexual exploitation and abuse and sexual harassment (SEA/SH), and transmission of STDs. The occurrences of these potential social risks and impacts in most parts of the project areas may be remote. However, the ability of the country system (policy, legal, and institutional framework, at national, subnational, or sectoral implementing institutions and applicable laws, regulations, rules and procedures, and implementation capacity) to adequately manage these social risks and impacts in the events that these risks materialized is inadequate. Mitigation of the potential social risks and impacts will be addressed and aligned with the relevant standards including using the Environment and Social Management Plan (ESMP), Resettlement Action Plan (RAP), and other measures as required in the ESCP. These will be prepared as soon as the specific sites are identified in line with the provision of the ESCP.

E. Implementation

Institutional and Implementation Arrangements

16. Institutional and implementation arrangements of RAAMP-SU will support integration of the parent project RAAMP implementing entities (FPMU and SPIUs) within federal and state institutions to ensure sustainability. RAAMP-



SU will build on strengths of the parent project’s implementation arrangements and at the same time set higher thresholds for required institutional reforms to promote competition between states to access available funds.

17. As with the RAAMP project, the Federal Ministry of Agriculture and Food Security will continue to be the project federal counterpart, ensuring project implementation at the federal level through an Entity to be created within the newly established National Agriculture Development Fund (NADF). To capitalize on existing capacity and ensure adequate staffing, the FPMU will be embedded within the proposed federal implementing entity.

18. State RARAs will be responsible for project implementation at the state level. Under RAAMP, eligibility for state participation required drafting and placement of Road Fund and Road Agency bills in state houses of assembly. Building on this, RAAMP-SU will require each state to have a fully functional Roads Fund and Roads Agency with appointed boards and staff, along with provisions for administrative costs in the state budget. Established SPIUs in beneficiary states under the parent project will be embedded within the respective State Rural Access Roads Agency (RARA). The RAAMP-SU operation intends to expand from the 19 states under RAAMP to a nationwide program covering all 36 states and the FCT, subject to each state’s commitment to institutional reforms and sustainable financing. To help support this, the federal entity will provide technical support to new states to ensure well-established RARAs with technically qualified staff, including provisions for in-house staff training—all of which will be required to properly manage the project.

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APPROVAL

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